

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 NSCE-00 SAM-01 NIC-01 SAJ-01

OMB-01 CU-02 SP-02 AID-05 NSC-05 RSC-01 CIEP-01

TRSE-00 SS-15 STR-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00

PA-01 USIA-06 PRS-01 AGR-05 L-02 H-01 MC-01 FEA-01

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SUBJECT: SINO-US TRADE -- VISITORS TO PEKING IN JANUARY

REF: PEKING 2363

SUMMARY: AFTER A LULL THAT BEGAN AT THE END OF NOVEMBER
(PEKING 2363) THE FLOW OF AMERICAN BUSINESS VISITORS TO PEKING
PICKED UP SOMEWHAT IN MID-JANUARY. MOST SIGNIFICANT IS A DELEGATION
FROM UNIVERSAL OIL PRODUCTS WHICH IS IN ACTIVE NEGOTIATIONS FOR THE
SALE OF PLANT AND TECHNOLOGY. VISITING LITTON OFFICIALS REPORT A CHIN
ESE

INTEREST IN BUYING MORE INS SYSTEMS. GEOSPACE OFFICIALS HAVE BEEN
HERE IN CONNECTION WITH DELIVERY OF A COMPUTER AND RELATED
EQUIPMENT FOR OIL PROSPECTING. US BUYERS HAVE INCLUDED ONE SHOE
IMPORTER, TWO TEXTILE BUYERS, AND ONE ANTIQUE MERCHANT. OTHER
VISITORS REPORTED SEPTELS INCLUDED A DELEGATION FROM THE AMERICAN
ARBITRATION ASSOCIATION (PEKING 0122), AND GRAIN DEALERS WHO WERE
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IN TOWN AT LEAST PARTLY IN CONNECTION WITH THE CHINESE

CANCELLATION ON WHEAT PURCHASE CONTRACTS (PEKING 0145). END SUMMARY.

1. THE FOLLOWING BUSINESS VISITORS TO PEKING WERE IN TOUCH
WITH USLO DURING THE MONTH OF JANUARY:

A. UNIVERSAL OIL PRODUCTS (UOP) - W.R. SEDLACEK AND ROBERT SMITH OF UOP RETURNED TO PEKING JANUARY 19 TO CONTINUE DISCUSSIONS, STARTED LAST FALL, WITH THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION (TECHIMPORT) ON THE POSSIBILITY OF SUPPLYING TECHNOLOGY AND CONTRACTING SERVICES FOR AN ISOMAR PAREX (IP) PLANT (PEKING 1950). ON ARRIVING, SMITH PHONED USLO AND SAID THE TALKS WOULD COVER NOT ONLY THE IP POSSIBILITY BUT THE FULL RANGE OF AREAS WHICH UOP HAS DISCUSSED WITH TECHIMPORT IN THE PAST. SMITH AND SEDLACEK HAVE SINCE BEEN JOINED BY TWO MORE UOP MEN AND, AFTER TWO WEEKS OF INTENSIVE TALKS, ARE NOW DRAWING UP SEVERAL CONTRACTS FOR THE SALE OF PLANT AND TECHNOLOGY TO THE PRC. WE DO NOT YET HAVE DETAILS ON THE NATURE OR VALUE OF PROJECTS INVOLVED, BUT HOPE TO LEARN MORE WHEN THE UOP MEN CALL AT USLO NEXT WEEK.

B. GEOSPACE CORPORATION - RAYMOND COX, VICE-PRESIDENT OF GEOSPACE, WAS IN PEKING LAST WEEK IN CONNECTION WITH THE DELIVERY (BY JAL CHARTER FROM HOUSTON) OF A COMPUTER FOR USE IN ON-SHORE OIL EXPLORATION. ALSO IN PEKING IS A TEAM OF GEOSPACE FIELD EQUIPMENT TECHNICIANS TO TRAIN THE CHINESE IN THE USE OF SPECIAL VEHICLES THAT WILL BE USED IN THE EXPLORATORY WORK (PEKING 2363). TWENTY CHINESE TECHNICIANS ARRIVED IN HOUSTON JANUARY 20 FOR TRAINING THERE. COX BELIEVES THE GEOSPACE EQUIPMENT WILL BE USED PRIMARILY IN THE GOBI DESERT AND AT TACHING.

C. LITTON AERO PRODUCTS - LITTON REPS CHARLES E. BOWMAN, JAMES A. WINBIGLER AND RICHARD SCHNEIDER VISITED PEKING IN EARLY JANUARY FOR TALKS WITH THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) AND CAAC ON SERVICING ARRANGEMENTS FOR INERTIAL NAVIGATION SYSTEMS (INS) WHICH WERE INCLUDED ON FOUR OF CAAC'S BOEING 707'S. LITTON TOOK OVER DIRECT RESPONSIBILITY FOR MAINTAINING THE INS UNITS FROM BOEING LAST JULY AND THE THREE MEN WERE HERE TO MAKE SURE THE CHINESE ARE SATISFIED WITH THE ARRANGEMENT

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DURING THE VISIT, MACHIMPEX AND CAAC EXPRESSED INTEREST IN OBTAINING PERMISSION TO PERFORM LEVEL-TWO MAINTENANCE ON THEIR INS EQUIPMENT IN CHINA INSTEAD OF SENDING THE UNITS BACK TO THE US FOR REPAIR. THIS WOULD INVOLVE A USG EXPORT CONTROL DECISION, SINCE THE LICENSE GOVERNING THE ORIGINAL TRANSACTION SPECIFIED THAT ALL LEVEL-TWO MAINTENANCE MUST BE DONE BY LITTON. THE CHINESE ALSO EXPRESSED INTEREST IN BUYING ADDITIONAL INS SYSTEMS TO BE INSTALLED ON THEIR SIX BOEING 707'S WHICH DO NOT HAVE INS. THE

LITTON MEN SAID THIS IS COMMON; ONCE PILOTS BEGIN TO USE INS, THEY SOON WANT TO HAVE IT ON ALL THEIR PLANES.

D. CONTROL DATA FRANCE - PHILIPPE VENNIER, WHO WAS IN PEKING IN NOVEMBER (PEKING 2066), RETURNED IN JANUARY TO COMPLETE NEGOTIATION OF CONTRACT AMENDMENTS RELATING TO THE SALE OF COMPUTERS FOR PROCESSING OF OIL EXPLORATION DATA. THE AMENDMENTS REPLACE TWO SMALL CDC COMPUTERS IN THE PACKAGE WITH TWO RAYTHEON (RDS 500) UNITS WHICH, VENNIER SAID, ARE MORE SUITABLE TO THE TASK. THERE IS NO CHANGE IN THE OVERALL VALUE OF THE AGREEMENT (ABOUT \$6.7 MILLION, SOME \$5 MILLION OF WHICH WOULD BE FOR EQUIPMENT FROM THE US -- PEKING 1450). THE BACKBONE OF THE PACKAGE IS THE TWO LARGE CDC CYBER UNITS, AND THE WHOLE SALE HINGES ON WHETHER OR NOT APPROPRIATE EXPORT LICENSES CAN BE OBTAINED.

E. ATLAST IMPORTING CORP. - MELVIN NESSEL, PRESIDENT OF THIS CAMBRIDGE, MASS. FIRM, AND JOSEPH COMEAU, THE FIRM'S TECHNICAL DIRECTOR, VISITED PEKING, TIENTSIN AND TSINGTAO EARLY IN THE MONTH FOR TALKS ON SHOES WHICH THE COMPANY IS BUYING FROM CHINA. THE FIRM HAS BEEN REPRESENTED AT TWO CANTON FAIRS; THIS WAS THE FIRST VISIT TO PEKING AND OTHER PARTS OF CHINA.

F. BLUM INTERNATIONAL INC. - A. A. BLUM, PRESIDENT OF THIS LOS ANGELES BASED TEXTILES IMPORT FIRM, VISITED PEKING AND SHANGHAI PRIMARILY TO BUY SILK. HE EXPECTED HIS PURCHASES TO TOTAL SOME \$200 TO 300 THOUSAND. MOST WOULD BE SHIPPED TO HONG KONG WHERE THEY WOULD BE MADE UP INTO GARMENTS FOR THE US MARKET; THE REMAINDER WOULD GO DIRECTLY TO THE US. HE ALSO HAD SOME INTEREST IN COTTON AND WOOL PIECE GOODS. BLUM'S FIRST VISIT TO CHINA WAS AT THE LAST FALL CANTON FAIR.

G. ROBERT BRUCE INC., - FRED ROSENFELD, MERCHANDISING MANAGER OF THIS PHILADELPHIA FIRM, VISITED PEKING AND CANTON IN EARLY LIMITED OFFICIAL USE

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JANUARY TO DISCUSS DETAILS OF ORDERS WHICH THE COMPANY PLACED AT THE FALL CANTON FAIR FOR SOME \$350 THOUSAND WORTH OF DENIM GARMENTS.

H. WILLIAM J. DANIEL - THIS PHILADELPHIA DEALER IN ANTIQUES AND CHINESE OBJETS D'ART VISITED PEKING IN MID-JANUARY AT THE INVITATION OF THE CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORPORATION. IN PEKING HE FOUND PRC PRICES ON PORCELAINS AND OTHER ART OBJECTS TOO HIGH AND BOUGHT ONLY A FEW SCROLL REPRODUCTIONS AND RUBBINGS. HE WAS TO VISIT TIENTSIN AND SHANGHAI ENROUTE HOME AND MAY HAVE DONE FURTHER BUSINESS IN THOSE CITIES.

I. PRATTY WHITNEY - FRANK SULLIVAN, A PRATT WHITNEY ENGINEER, WAS IN PEKING FOR A ROUTINE REVIEW OF MATTERS RELATING TO ENGINE

PORTION OF THE BEOING 707 SALE. THE SALES CONTRACT PROVIDED FOR
A PRATTY WHITNEY TECHNICAL TO BE IN PEKING FOR A PERIOD OF
TIME, BUT SULLIVAN MOVED TO HONG KONG LAST FALL WHEN IT WAS CLEAR THA
T
THERE WAS INSUFFICIENT WORK HERE TO KEEP HIM BUSY. THIS WAS THE FIRST
OF ROUTINE VISITS WHICH WILL TAKE PLACE EVERY FEW MONTHS. HE IS
ALSO ON IMMEDIATE CALL FROM THE CHINESE SHOULD ANY SPECIAL PROBLEMS
ARISE.

2. THE INFORMATION IN ITEMS A AND C ABOVE, AND THE DOLLAR
AMOUNTS GIVEN IN OTHER ITEMS SHOULD BE TREATED AS COMMERCIALY SENSIT
IVE.
HOLDRIDGE

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